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March 8, 2011

SENATE TAXATION

EXHIBIT NO.

DATE 3.8.11

BILL NO. SB360

TO: Members of the Senate Taxation Committee

FROM: Joy Bruck, State President AARP Montana

RE: Support of SB 360

Mr. Chairman and members of the committee for the record I am Joy Bruck, State President of AARP Montana, a non-partisan organization with over 155,000 members in Montana. AARP supports SB 360 which creates a state earned income tax credit (EITC). This could help our low-wage, working Montanans.

Consumer Credit Counseling Services reports that "In 2003, 72,000 Montana households in both urban and rural communities claimed the federal EITC and around \$118 million was returned to low-wage earners." Twenty states, plus the District of Columbia, have enacted state EITCs. It is time for Montana to follow their lead and do the same.

The National Center for Children in Poverty found that the "federal EITC reduces child poverty by nearly 25% – more than any other government program" and the Montana Budget and Policy Center explains, in a 2009 report, that "Montana taxes the incomes of the working poor more harshly than any other state. This results in pushing hard-working families living in poverty further into poverty." This bill is a chance for the Montana Legislature to help low-wage workers support their families and be less likely to depend on public assistance.

Although participation rates are higher than other low-income assistance programs, we believe SB 360 would provide an efficient and necessary program to thousands of Montana's working poor. We urge the committee to support SB 360.